

# Memorandum

**To: L. Massaro**  
**Commission Clerk**

**From: Alberico Mancini**  
**Division of Public Utilities & Carriers**

**Date: 11/15/2017**

**Re: Narragansett Electric – Standard Offer Rate Filing:                      Docket 4605**

---

On October 13, 2017 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission Proposed Standard Offer Service Rates for the Industrial Group for the Months of January 2018 through March 2018 and the Results of Competitive Procurement for the Months of April 2018 through September 2018 for the Residential Group, for the Months of April 2018 through September 2018 for the Commercial Group, and for the Months of January 2018 through March 2018 for the Industrial Group. A Request for Confidential Treatment for detailed bid results was submitted. The Confidential materials were submitted to the Division for our review.

Included in the filing are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Industrial Group for each month of the service period;
- A RIPUC Tariff No. 2096 Rate Summary, reflecting the proposed rates for the period January 2018 through March 2018.
- A typical bill analysis for the SOS Industrial Customer Group.
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on September 1, 2017 for the period January 2018 through March 2018 for the Industrial Group, April 2018 through September 2018 for the Commercial Group, and April 2018 through September 2018 for the Residential Group;
- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for January 2018 through March 2018 for the Industrial Group, April

2018 through September 2018 for the Commercial Group, and April 2018 through September 2018 for the Residential Group.

Un-redacted versions of the Procurement Summary and Transaction Confirmations have been supplied under separate cover.

### **Standard Offer Service Procurement Plan Analysis**

**Industrial Group:** 100% of the load for **January 2018 through March 2018.**

**Commercial Group:** 20% of the load for **April 2018 through September 2018.**

With this most recent solicitation for another 20% of the load requirements for the **April 2018 through September 2018** period, 75% of the load requirements for the Commercial Group for the April 2018 through September 2018 period have now been procured (15% in 1/17, 20% in 4/17, 20% in 7/17, and 20% in 10/17). For the April 2018 through September 2018 period, the Company will procure another 15% in the first quarter of 2018. Those procurements will total 90% for the April 2018 through September 2018 period and the remaining 10% of the load will be made in the spot market per the approved plan.

**Residential Group:** 20% of the load for **April 2018 through September 2018.**

With this most recent solicitation for another 20% of the load requirements for the **April 2018 through September 2018** period, 75% of the load requirements for the Residential Group for the April 2018 through September 2018 period have now been procured (15% in 1/17, 20% in 4/17, 20% in 7/17, and 20% in 10/17). For the April 2018 through September 2018 period, the Company will procure another 15% in the first quarter of 2018. Those procurements will total 90% for the April 2018 through September 2018 period and the remaining 10% of the load will be made in the spot market per the approved plan.

### **Standard Offer Service Proposed Rates and Trends**

#### **Industrial Group Rates**

The SOS rates proposed for the **Industrial Customer Group** for the January 2018 through March 2018 period, including the current per-kWh Standard Offer Adjustment Factor of (\$0.00507), the Administrative Cost Factor of \$0.00122, and the Renewable Energy Charge of \$0.00040 are:

- January 2018: \$0.10522/kWh.

- February 2018: \$0.10204/kWh.
- March 2018: \$0.07567/kWh.

The three month average of the proposed January 2018 through March 2018 Industrial Group SOS rate is \$0.09431/kWh, which results in a 46% increase compared with the October 2017 through December 2017 average Industrial Standard Offer rate of \$0.06440/kWh. Although the proposed average rate of \$0.09431/kWh results in a 26% increase from the same three month period average of \$0.07499 in the previous year, the proposed rate is 12% lower than the average Industrial SOS rate of \$0.10777/kWh calculated for the January through March period for the 5 years of 2013-2017.

Current Industrial Standard Offer customers can choose to buy their energy supply from a number of competitive electric suppliers. Open Access reports filed by National Grid indicate that approximately 90% of the Industrial load in Rhode Island is served by competitive suppliers, not National Grid. Approximately 50% of the total load in Rhode Island is served by competitive suppliers. Customers served by competitive suppliers are unaffected by the proposed SOS rate filing, though all customers will likely be eventually impacted by regional wholesale market conditions.

### Conclusion

After review, the Division is of the opinion that the filing is in compliance with the PUC-approved standard offer procurement plan as directed in Order number 22677 issued in the Standard Offer Procurement Plan, Docket 4605, written order dated February 22, 2017.